

**ASSEMBLY BILL**

**No. 375**

**Introduced by Assembly Member John Campbell**

February 20, 2001

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An act to add Section 6405.1 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 375, as introduced, J. Campbell. Sales and use taxes: general exemption from use tax.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from the imposition of the use tax.

This bill would additionally exempt from the use tax up to \$500 of tangible personal property otherwise subject to California's use tax.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 6405.1 is added to the Revenue and  
2 Taxation Code, to read:  
3 6405.1. (a) The storage, use, or other consumption in this  
4 state of the first five hundred dollars (\$500) of tangible personal  
5 property, which would otherwise be subject to use tax, is exempted  
6 from the use tax. This exemption is in addition to the exemption  
7 provided under Section 6405, pertaining to tangible personal  
8 property purchased from a foreign country and personally hand  
9 carried into this state.  
10 (b) This exemption does not apply to tangible personal  
11 property leased in substantially the same form as that acquired by  
12 the lessor.  
13 SEC. 2. Notwithstanding Section 2230 of the Revenue and  
14 Taxation Code, no appropriation is made by this act and the state  
15 shall not reimburse any local agency for any sales and use tax  
16 revenues lost by it under this act.  
17 SEC. 3. This act provides for a tax levy within the meaning of  
18 Article IV of the Constitution and shall go into immediate effect.

